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Modified Reagan CIA proposal is quoted; it retains some domestic covert activities

WASHINGTON (AP)—The Reagan administration has drafted a new intelligence proposal that discards its plan to let the CIA infiltrate and influence U.S. groups but still would permit the spy agency to conduct covert actions and collect "significant" foreign intelligence in this country, sources said last night.

Several sources, who asked not to be named, said the latest version alters an earlier, leaked proposal in some, but not all, the ways unanimously suggested by the Senate Intelligence Committee two weeks ago.

Sources said President Reagan might sign a final order early next week. His order governing the conduct of U.S. intelligence agencies would replace one signed in 1978 by President Jimmy Carter.

The Reagan team's three previous drafts of the order were criticized on Capitol Hill and by civil libertarians as stripping away protections against a repetition of the Central Intelligence

Agency and FBI abuses uncovered by a Senate committee in the 1970s.

Acquiescing to a Senate recommendation, the latest version would retain Mr. Carter's almost complete ban on CIA infiltration and influencing of U.S. organizations, the sources said. The Carter order basically restricts those activities to the FBI and then only with the attorney general's approval.

The earlier Reagan draft would have allowed CIA infiltration of U.S. groups for "lawful purposes" as determined by the CIA director or someone he designates.

In another key section, the sources said the new version still would grant the CIA new authority to collect foreign intelligence inside the United States, although administration officials had agreed to restrict that to "significant" foreign intelligence. The sources said the new version also would state that task is the primary responsibility of the FBI.

The Carter order limits such CIA collection in this country to information volunteered to it and to data on people acting on behalf of a foreign power. The latest Reagan version could allow CIA use of surveillance and informants to gather foreign intelligence, including such data as bank records, in this country, sources said.

The latest Reagan version still would provide the CIA with its first authority to conduct covert actions in the United States, but, unlike the previous draft, would require that the House and Senate Intelligence Committees be informed of these and would bar involvement of the news media in them, sources said.

The sources said the latest version also drops language that implied the president had inherent power to order break-ins and electronic surveillance in this country without either a warrant for the surveillance or a belief that the target of a break-in was acting on behalf of a foreign power.